

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 L-03 COME-00 AGR-20 RSC-01 DRC-01

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FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 1122

C O N F I D E N T I A L MEXICO 3036

E.O. 11652: GDS

TAGS: ETRD, MX, EAGR

SUBJ: ALLENBERG COTTON CONTRACTS

REF: A) STATE 052881 B) MEXICO 2591

PASS AGRICULTURE AND COMMERCE

1. WE HAVE HAD FURTHER DISCUSSIONS RE ALLENBERG CASE WITH BANCO EJIDAL OFFICIALS AND HAVE GOTTEN NOWHERE. EMBASSY HAD BEEN INFORMED BY BANK'S DIRECTOR GENERAL OFFICE THAT FINAL DECISION ON DELIVERY OF COTTON OWED ALLENBERG WOULD BE MADE BY BANK'S COMMERCIAL DEPARTMENT. WE HAVE HAD TWO CONVERSATIONS WITH LIC. LUIS CHANONA, CHIEF OF COTTON SALES FOR THE COMMERCIAL DEPARTMENT, AND HE HAS ADVISED EMBASSY THAT BANK CONSIDERS MATTER CLOSED AND ALLENBERG WILL NOT RECEIVE ADDITIONAL COTTON. CHANONA STATES ALLENBERG LOST ANY CLAIM TO 4,000 BALES OWED IT WHEN FIRM ACCEPTED RETURN OF DEPOSIT REQUIRED WHEN DEAL ORIGINALLY CONSUMATED. ACCORDING CHANONA, BANK SENT LETTER TO ALLENBERG RETURNING DEPOSIT BALANCE (PART OF DEPOSIT USED TO PAY FOR COTTON DELIVERED) AND ADVISING THAT DUE FORCE MAJEURE BANK COULD NOT DELIVER MORE THAN 16,000 OF 20,000 BALES CONTRACTED FOR. BANK MAINTAINS THAT ALLENBERG IN EFFECT ACCEDED TO BANK'S POSITION BY ACCEPTING LETTER AND DEPOSIT. POINT ALSO MADE BY CHANONA THAT CONTRACT CALLS FOR "UP TO" ("HASTA" IN SPANISH) 20,000 BALES WHICH BANK INTERPRETS TO MEAN AS MUCH COTTON AS BANK COULD DELIVER UP TO 20,000 BALES, BUT
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THAT BANK NOT OBLIGATED DELIVER THE FULL 20,000 BALES.

2. EMBASSY BELIEVES ANY FURTHER CONVERSATIONS WITH BANCO EJIDAL WOULD BE FRUITLESS. IF DEPARTMENT BELIEVES MATTER SHOULD BE PURSUED FURTHER, WE WILL RAISE THE SUBJECT WITH SECRETARIAT OF AGRICULTURE. WE HAVE ADVISED ALLENBERG DIRECTLY OF BANCO EJIDAL'S POSITION AND COMPANY ASKED THAT WE NOT REPEAT NOT CONTACT AG SECRETARIAT UNTIL EMBASSY HEARS FURTHER FROM ALLENBERG. HERB BROWN INDICATED HE WOULD CALL EMBASSY APRIL 10 TO ADVISE IF ALLENBERG WANTS MATTER PURSUED FURTHER. WE WILL AWAIT WORD FROM DEPARTMENT AND ALLENBERG BEFORE TAKING ANY NEW ACTION.
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